

HOUSE BILL 1797
By McDaniel

AN ACT to amend Tennessee Code Annotated, Title 9, Chapter 6,
to promote cost containment in appropriations for medical
assistance costs.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 9, Chapter 6, is amended by adding the
following new Section:

9-6-123. Increase in medical assistance costs - Appropriations for Operating
costs.

(a) For any law enacted after the effective date of this act, which results
in a net increase in the state share of the cost of medical assistance provided
through the Medicaid or TennCare programs authorized under Tennessee Code
Annotated, Title 71, Chapter 5, Part 1, there shall be appropriated from recurring
revenues the estimated state share of the operating cost of such law.

(b) "Operating costs" as referred to in subsection (a) means all costs
other than capital outlay costs.

(c) The amount of appropriations made under subsection (a) and (d)
shall be equal to the amounts reflected in fiscal notes prepared by the staff of the
fiscal review committee. For purposes of subsection (a), such cost shall be the
operating cost, in current dollar, of the highest of the next five (5) years

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commencing after the effective date of any law described in subsection (a) enacted after the date this act becomes effective.

(d) Prior to submission of the budget for fiscal years beginning after 1996-97, estimates of any appropriations made under subsection (a) may be adjusted to determine the amount of appropriations of recurring revenues to be repeated for the ensuing fiscal year. If no adjustment is made, then the amount of appropriations previously made shall be repeated.

(e) Appropriations made under the provisions of this section shall be place in a reserve to be used only for the following purposes:

- (1) Appropriation for one-time non-recurring health related expenditures;
- (2) Increasing the reserve for revenue fluctuation; or,

(f) If any law enacted without the funding required by this section shall be null and void unless such funding is appropriated in the general appropriation act.

SECTION 2. This act shall take effect January 1, 1998, the public welfare requiring it.